

Message Text

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PAGE 01 STATE 126599

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TAGS: EGEN, OECD

SUBJ: ECONOMIC ANDERSON REVIEW COMMITTEE (EDRC)

REVIEW OF GERMANY

REF: OECD PARIS 15241

1. USG AGENCIES IN STRONG AGREEMENT WITH MISSION VIEWS
CONTAINED IN PARA 10, REFTEL AND WITH SUGGESTIONS ON LINE
OF QUESTIONING MISSION REPS INTEND TO PURSUE.

2. WE WOULD ALSO BE INTERESTED IN HAVING STRONGER FRG
STATEMENT ON QUESTION OF ITS COMMITMENT TO GROWTH TARGETS.

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PAGE 02 STATE 126599

IN THIS CONNECTION, IT WOULD BE INTERESTING TO GET MORE
OF AN IDEA ON FRG POSITION OF SUSTAINABLE BUDGET DEFICITS:
WHAT IS SUSTAINABLE DEFICIT IN FRG VIEW? DOES FRG FEEL THAT
UNDER PRESENT CONDITION MORE STIMULUS NECESSARILY BREEDS
MORE INFLATION? THUS FAR IN 1977, GROWTH OF MONEY SUPPLY
SEEMS BELOW TARGET; WHAT ARE FRG'S PLANS FOR THIS AND
ESTIMATE OF ITS IMPACT ON DEMAND.

3. IN LABOR AREA, WE WOULD LIKE TO HAVE BETTER IDEA OF WHAT NEW LABOR PROGRAMS ARE IN THE WORKS, HOW FRG EXPECTS TO HANDLE INCIPIENT BULGE OF NEW WORKERS IN FUTURE AND FRG ESTIMATES OF HOW CHANGES IN VAT PROPOSALS AND AID TO CONSTRUCTION INDUSTRY WILL HELP UNEMPLOYMENT PROGRAM.

ALSO, THERE IS STATEMENT IN DOCUMENTATION THAT FRG EXPERTS GROUP ESTIMATED THAT REDUCTION OF WORK WEEK BY ONE HOUR WOULD HAVE THE RESULT OF ADDING 600,000 JOBS. IS THIS FRG VIEW? IN VIEW OF EXTREMELY HIGH PRODUCTIVITY INCREASES- 1975 AND 1976, WHAT IS FORESEEN FOR THIS YEAR AND IN FUTURE?

4. REGARDING INVESTMENT, IT WOULD SEEM THAT THERE WOULD BE RELATIVELY LITTLE UNCERTAINTY AS IT RELATES TO DOMESTIC ECONOMY, BUT RATHER MORE IN REGARD TO FRG'S NEIGHBORS' ECONOMIC SITUATION. DO FRG REPS SEE IT THIS WAY? WHY DO THEY FEEL THAT AUTOMOBILE SECTOR IS DOING SO WELL, IN VIEW OF THE FACT THAT MAJOR GAINS HAVE BEEN BASED ON DOMESTIC DEMAND?

5. WHAT EVIDENCE DO AUTHORITIES HAVE ON THE EFFECT OF DEBLOCKING DURING 1977 ON FUNDS SAVED UNDER DM624 LAW? DOES FRG FEEL THAT THE LEVEL OF SUCH SUBSIDIZED SAVINGS IS TOO HIGH AT THIS POINT? HABIB

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